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STATE OF OREGON
MARION COUNTY COURTS

ENTERED
OCT 06 1998
#25

OCT 05 1998

FILED
#9

CIRCUIT COURT OF OREGON

COUNTY OF MARION

MORROW-MEADOW CORPORATION, an
Oregon corporation, dba CHERRY CITY
ELECTRIC,

Plaintiff,

v.

SSG INVESTMENTS, LLC, an Oregon limited
liability company; MANAGEMENT GROUP OF
OREGON, INC., an Oregon corporation,
ARGONAUTS MUSIC AND MOTION, INC., an
Oregon corporation; METLIFE CAPITAL
FINANCIAL CORPORATION, an Oregon
corporation; STATE OF OREGON; and C.J.
HANSEN CO., INC., an Oregon corporation.

Defendants.

Case No. 98C-16725

**ORDER OF DEFAULT AGAINST
ARGONAUTS MUSIC AND MOTION, INC.**

This matter came before this court on the motion of plaintiff on order of default against

the defendant Argonauts Music and Motion, Inc. It appeared to the court from an examination of
the records and the files that defendant was duly and regularly served with summons and
complaint on the 13th day of August, 1998 at 9:00 a.m. in the manner prescribed by law.

Defendant has failed to file a response to the complaint within the time authorized by law. Based
on the records on file herein, the court finding generally in favor of the plaintiff and against
defendant, and the court being fully advised in the premises; now, therefore,

///

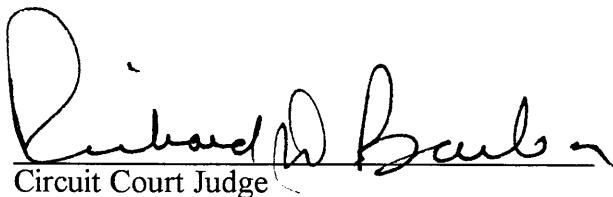
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1 IT IS HEREBY ORDERED that defendant Argonauts Music and Motion, Inc., is in
2 default and that such default is hereby entered of record.

3 DATED this 5 day of Oct, 1978.

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Circuit Court Judge

SUBMITTED BY:

Sylvia Sum, OSB #97408
Attorney for Plaintiff

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ENTERED
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JUL 31 1998

FILED
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MARION COUNTY COURTS
THIRD JUDICIAL DISTRICT CIRCUIT COURT OF OREGON

COUNTY OF MARION

MORROW-MEADOW CORPORATION, an
Oregon corporation, dba CHERRY CITY
ELECTRIC,

Plaintiff,

V.

SSG INVESTMENTS, LLC, an Oregon limited
liability company; MANAGEMENT GROUP OF
OREGON, INC., an Oregon corporation,
ARGONAUTS MUSIC AND MOTION, INC., an
Oregon corporation; METLIFE CAPITAL
FINANCIAL CORPORATION, an Oregon
corporation; STATE OF OREGON; and C.J.
HANSEN CO., INC., an Oregon corporation.

Defendants.

Case No.

98C16725

COMPLAINT

**(BREACH OF CONTRACT;
CONSTRUCTION LIEN FORECLOSURE;
QUANTUM MERUIT)**

For its FIRST CLAIM FOR RELIEF against Defendants SSG Investments, LLC ("SSG Investments") and Management Group of Oregon, Inc. ("MGO"), Plaintiff alleges as follows:

(Breach of Contract)

1.

At all material times, Plaintiff Morrow-Meadow Corporation, dba Cherry City Electric ("Cherry City"), is now and has been a corporation duly organized and existing under the laws of the State of Oregon, and duly registered with the Construction Contractor's Board of the State of Oregon.

///

2.

At all material times, Defendant SSG Investments, LLC (“SSG Investments”) is now and has been an Oregon limited liability company.

3.

At all material times, Defendant Management Group of Oregon, Inc. ("MGO") is now and has been a corporation duly organized and existing under the laws of the State of Oregon and a member of SSG Investments.

4.

At all material times, Defendant SSG Investments was the record owner or reputed owner of the real property and the improvement thereon (the “Premises”) located at 1320 Capitol Street in the City of Salem, County of Marion, State of Oregon, and further described as follows: Lots 4, 5, 6, and 7, Block 1, McCoy’s Addition to Salem, Marion County, Oregon.

5.

Defendant MGO is a lessee of SSG Investments, pursuant to a lease agreement, entered into on or about November 25, 1997. MGO is also one of SSG Investments' members.

6.

Cherry City and MGO, both for its own account and on behalf of SSG Investments as its agent, agreed that Cherry City shall perform various electrical jobs for the improvement of the Premises for the mutual benefit of MGO and SSG Investments, in consideration for which Defendants promised to pay Cherry City certain amounts agreed upon in various signed proposals. Copies of the signed proposals are marked Exhibit 1 through 4, attached to this complaint and by this reference incorporated herein.

7.

From June 29, 1997, through March 22, 1998, Cherry City, pursuant to the signed proposals and at MGO's request, furnished labor, services, equipment, and materials for the purpose of improving the Premises, having a total agreed upon price of \$211,829.30.

8.

Cherry City has fully performed all the terms and conditions of the contract to be performed on its part, rendering valuable labor and services and providing valuable material to SSG Investments and MGO. Plaintiff substantially completed performance on or about March 22, 1998.

9.

Cherry City periodically submitted invoices to SSG Investments and MGO for the portion of the contract already completed. Each invoice contained a statement that a finance charge of 1½% per month, or 18% per annum, will be charged on past due balances.

10.

On August 26, 1997 and on November 4, 1997, SSG Investments made partial payment to Cherry City in the amounts of \$15,613.40 and \$49,559.59, respectively. Cherry City duly credited these amounts.

11.

Defendants SSG Investments and MGO materially breached the agreement, in that they paid Cherry City only \$65,172.99, and failed and refused to pay to Cherry City, despite demand, the amount of \$146,656.31.

12.

As provided in the signed proposals, Cherry City is entitled to recover its reasonable attorney's fees, costs and disbursements, if action is instituted for collection. It has become reasonably necessary for Cherry City to employ an attorney to enforce payment of the contract.

13.

The total contract price and agreed value of the materials furnished and services and labor provided in the improvement of the Premises is the sum of \$211,829.30. The sum, less a credit of \$65,172.99 for partial payment, is now due and owing to Cherry City for a total of \$146,656.31.

111

1 together with interest at 18% per annum, from 30 days after each invoice for the unpaid balance
2 of each invoice, until paid.

3 **For its SECOND CLAIM FOR RELIEF against all Defendants, Plaintiff alleges:**

4 **(Foreclosure of Construction Lien)**

5 14.

6 Cherry City realleges and incorporates by this reference the allegations in paragraphs 1
7 through 13, as they relate to Cherry City's Second Claim for Relief.

8 15.

9 At all material times, Defendant Argonauts Music and Motion, Inc. ("Argonauts"), is now
10 and has been an Oregon corporation.

11 16.

12 Argonauts is the beneficiary of a deed of trust, executed by SSG Investments, dated
13 March 5 ,1997, and recorded on March 10, 1997 in Reel 1377, Page 581, in the Marion County
14 Records.

15 17.

16 At all material times, Defendant Metlife Capital Financial Corporation ("Metlife"), is now
17 and has been an Oregon Corporation.

18 18.

19 Metlife is the beneficiary of a deed of trust, executed by SSG Investments, dated
20 December 31, 1997, and recorded December 31, 1997, in Reel 1452, Page 14, in the Marion
21 County Records.

22 19.

23 Defendant State of Oregon, acting by and through its Department of Public Safety and
24 Training, is a lessee of SSG Investments by virtue of an unrecorded lease, dated October 13,
25 1997.

26 ///

1 20.

2 Defendant State of Oregon, acting by and through its Public Defender, is a lessee of SSG
3 Investments by virtue of an unrecorded lease, dated April 23, 1997.

4 21.

5 Defendant C.J. Hansen Co., Inc. filed a construction lien against SSG Investments ,
6 recorded April 17, 1998, in Reel 1480, Page 150, in the Marion County Records, in the amount of
7 \$8,836.72.

8 22.

9 On May 27, 1998, within seventy-five (75) days after the last date Cherry City furnished
10 materials and equipment used and incorporated in the improvement to and performed services for
11 Defendants SSG Investments and MGO and within 75 days of completion of the improvement,
12 Cherry City filed with the recording officer of Marion County, Oregon, a claim of lien containing
13 a true statement of its demand after deducting all just credits and offsets, the name of the owner
14 or reputed owner of the real property and materials, together with the description of the property
15 to be charged with the lien, sufficient for identification, including the address, and verified by the
16 oath of a person having knowledge of the facts. The lien was recorded in Reel 1491, Page 182 of
17 the Marion County Records. A true copy of the lien is marked Exhibit 5, attached to this
18 Complaint, and by this reference incorporated into this Complaint.

19 23.

20 Subsequent to the filing of the lien, Cherry City has entered a partial release of the lien,
21 dated July 15, 1998, and recorded on July 15, 1998, in Reel 1505, Page 223, in the Marion
22 County Records for the amount of \$461.57. A true copy of the release is marked Exhibit 6,
23 attached to this Complaint, and by this reference incorporated into this Complaint.

24 24.

25 On June 4, 1998, within twenty (20) days of the date of filing the lien, Cherry City mailed
26 a notice in writing to Defendants SSG Investments, MGO, Argonauts, and MetLife, by certified

1 mail, return receipt requested, stating that said lien had been filed and enclosing a true copy of the
2 same.

3 25.

4 In that same notice, and more than ten (10) days prior to filing this Complaint, Cherry City
5 delivered a notice in writing to said defendants by certified mail, return receipt requested, stating
6 that Cherry City intended to commence suit to foreclose its lien unless the lien was paid within ten
7 (10) days of the notice.

8 26.

9 Cherry City is entitled to \$15 paid to the County Clerk of Marion County, Oregon, for
10 filing and recording its claim of lien, together with \$775.00 paid to Ticor Title Insurance
11 Company for a SORT report and a litigation guaranty necessary to institute this action.

12 27.

13 Pursuant to ORS 87.060, Cherry City is entitled to recover its reasonable attorney fees for
14 the foreclosure of the lien.

15 28.

16 The lien has not been canceled or otherwise discharged.

17 29.

18 Defendants Argonauts; Metlife; State of Oregon, acting by and through its Department of
19 Public Safety and Training; State of Oregon, acting by and through its Public Defender; and C.J.
20 Hansen Co., Inc., claim some right, title, and interest in or to the real property and the
21 improvement thereon as shown by the title report marked as Exhibit 7, attached hereto and
22 incorporated by reference into this complaint. All of the defendants' interests are inferior and
23 subordinate to Cherry City's lien.

24 30.

25 Cherry City has no adequate remedy at law. There have been no other proceedings
26 brought to collect the balance due or to foreclose on the premises.

1 **For its THIRD CLAIM FOR RELIEF against Defendants SSG Investments and MGO,**

2 **Plaintiff alleges:**

3 **(Quantum Meruit)**

4 31.

5 Cherry City realleges and incorporates by this reference the allegations in paragraphs 1
6 through 30, as they relate to Cherry City's Third Claim for Relief.

7 32.

8 Cherry City sold materials, labor, and services to SSG Investments and MGO between
9 June 29, 1997, and March 22, 1998, to be used and incorporated for the improvement of the
10 Premises and actually used for the benefit of SSG Investments and MGO. Defendants purchased
11 the materials, labor, and services on credit and obtained the benefit of the materials, labor, and
12 services, without paying Cherry City just and proper compensation. The reasonable value of the
13 material, labor, and services sold but unpaid is \$146,656.31, plus interest.

14 33.

15 Despite demand on SSG Investments and MGO for payment, defendants have not paid
16 Cherry City for the materials, labor, and services provided.

17 **WHEREFORE**, Plaintiff prays for judgment in its favor and against Defendants as follows:

18 **ON PLAINTIFF'S FIRST CLAIM FOR RELIEF:**

19 1. Against Defendants SSG Investments and MGO jointly, in the amount of
20 \$146,656.31, together with interest at 18% per annum, from 30 days after each invoice for the
21 unpaid balance of each invoice, until paid; plus

22 2. Reasonable attorneys' fees and costs and disbursement incurred herein; plus

23 3. Such other further relief as the court deems proper.

24 **ON PLAINTIFF'S SECOND CLAIM FOR RELIEF:**

25 4. Declaring that Cherry City has a first, valid, and subsisting lien for the amount of
26 such judgment against the premises located at 1320 Capitol Street, Salem, Or 97308.

1 5. That the lien be foreclosed to satisfy said lien and that the above described
2 Premises be sold in a manner prescribed by law, and that the proceeds of said sale be applied as
3 follows:

4 a. To the costs and expenses of said sale;
5 b. To the satisfaction of Cherry City's costs, disbursements and reasonable
6 attorney's fees, including \$15 as the filing fee and \$775.00 for the SORT report and the litigation
7 guaranty;

8 c. To the satisfaction of Cherry City's judgment in the sum of \$146,656.31,
9 together with interest on said judgment calculated and accruing according to law.

10 d. With the overplus, if any, to be paid to the Clerk of the Court pending
11 further order of the court.

12 6. In the event that proceeds from the sale of the premises are insufficient to fully
13 satisfy Cherry City's lien, to render judgment against Defendants SSG Investments and MGO
14 jointly for any remaining deficiency, so that Cherry City shall have execution as in ordinary cases
15 against SSG Investments and MGO.

16 7. That Cherry City may become a purchaser at the sale and that the purchaser
17 shall have possession of said Premises located at 1320 Capitol Street, Salem, Or 97308.

18 8. That all defendants, and all persons claiming through or under them, be forever
19 barred and foreclosed from asserting any right, title, or interest in said Premises.

20 9. That in the event that Cherry City is the purchaser at the sale and possession of the
21 Premises is not surrendered to Cherry City, a writ of assistance be issued directing the Sheriff of
22 Marion County, Oregon, to deliver possession of the Premises to Cherry City.

23 10. Such other and further relief as the court deems just and equitable.

24 **ON PLAINTIFF'S THIRD CLAIM FOR RELIEF:**

25 11. The reasonable value of materials, labor, and services sold in the amount of
26 \$146,656.31, plus interest at the legal rate, until paid;

12. Costs and disbursements; and
13. Any other further relief this court may deem just and proper.

**SAALFELD, GRIGGS, GORSUCH,
ALEXANDER & EMERICK, P.C.**

BY: SYLVIA SUM, OSB #97408
Attorney for Plaintiff
Trial Attorney: Hunter B. Emerick



PROPOSAL FOR ELECTRICAL WORK

Cherry City Electric
a Division of MORROW MEADOWS Corporation
PO Box 12668 Salem, OR 97309
(503)399-7609 / Fax (503)-362-2468

TO: Management Group Oregon, Inc. Proposal No. 1382
via fax 588-6697
Attn: Mr. Chuck Sides, President Date June 3, 1997

We hereby propose our electrical budget for the:

Argonauts Remodel Project

located at the 1320 Capitol Street, Salem in accordance
with Cherry City Electric Drawings (currently in drafting), dated 6/9/97, and as described
below:

Inclusions:

Electrical engineering and drawings.
Electrical permit.
New US West 4" conduit service to new utility pole.
New 1000 amp service, primary/secondary conduits.
Switchgear and feeders for new subpanels.
2 x 4 parabolic, lay-in lighting fixtures.
HVAC line voltage wiring, disconnect switches and connection.
Ceiling connections to furniture partition power poles, furnished and installed by others
Tele/data rough-in outlet rings, boxes
Fire alarm system, including drawings and permit.
Exterior lighting fixtures, including photocell and time clock control.

Exclusions:

Painting, patching, and firesafing	Mechanical controls, duct deflectors & dampers
Sign and sign component installation	Utility fees and temporary electrics
Overtime premiums	Short circuit coordination study
Security and tele/data systems	Asphalt and concrete sawcut, removal, and patch
Seismic calculations	

The price for the work described above: \$ 189,464

Alternates:

none

Clarifications:

- 1) HVAC line voltage wiring is based on Jet Heating information
- 2) DATACOMM pricing will be provided upon review of our construction drawings with the State of Oregon MIS group.

EXHIBIT 1 PAGE 1

Thank you for the opportunity to provide our proposal for the Argonauts remodel project. If you have any questions
please do not hesitate to contact me at (503) 399-7609.

Accepted by

Chuck Sides

Date:

6/3/97

CHERRY CITY ELECTRIC

Jeff Thiede, Project Manager

Jeff Thiede

Date:

June 3, 1997

c:\1997\97\ast\14\mg\#1222



PROPOSAL FOR TELECOMMUNICATIONS WORK

From CHERRY CITY ELECTRIC
a division of MORROW MEADOWS CORPORATION

PO BOX 12668 SALEM, OR 97309
(503) 399-7609 / FAX: (503) 362-2468



To: Management Group of Oregon

Proposal No. 8709

Attn: Harvey Rasmussen

Date: 11/11/97

We hereby propose to furnish all labor and material necessary to provide the DataComm Installation in the Argonauts, 2nd and 3rd floor
located at Salem, Oregon in accordance with the following specification, and subject to the conditions of contract stated on the reverse side of this sheet.

Install (50) Voice/Data locations on the 2nd and 3rd floors.

- a. All cable is plenum rated category 5, white for voice, blue for data.
- b. All termination hardware is AMP ACO.
- c. Includes (1) 19" x 84" equipment rack, brushed aluminum.
- d. Includes horizontal and vertical wire management for equipment rack.
- e. Includes 12" ladder tray for communication room.
- f. Includes low voltage permit.

Excludes:

- a. All active electronics.
- b. All conduits, raceways, pathways, firesafing and firestopping.
- c. All core drills and penetrations.

The price for the following amount will be: \$ 8,800.00

Eight Thousand Eight Hundred and NO/100's.

Payable on the following terms:

Net 30

This proposal is void if not accepted in writing within 30 days after this date. No work shall commence until this Proposal is returned to the Contractor signed below by the customer.

Cherry City Electric
Gregory S. Edmaiston

Accepted by Harvey Rasmussen
Date: 11-12-97

Accepted by Greg S. Edmaiston
Date: 11/11/97

PROPOSAL FOR TELECOMMUNICATIONS WORK

From CHERRY CITY ELECTRIC
a division of MORROW MEADOWS CORPORATION

PO BOX 12688 SALEM, OR 97308

(503) 399-7609 / FAX: (503) 362-2458

To: Oregon Management Group Oregon

Proposal No. 8705

Attn: Harvey Rasmussen

Date: 01/08/98

We hereby propose to furnish all labor and material necessary to provide the DataComm Installation in the Dept of Agriculture located at 1st floor of the Argonauts building in accordance with the following specification, and subject to the conditions of contract stated on the reverse side of this sheet.

Install (13) information outlets consisting of the following:

- (18) voice locations
- (15) data locations
- (2) Spare cables coiled above ceiling space.
- (1) 25 pair tie cable from Tele/Data backboard to basement Tele/Data backboard.

Exclusions:

- Overtime labor premiums.
- Conduits, Raceways.

Clarifications:

- All cable is plenum rated.
- Voice/Data jacks are EIA/TIA T568A pinout configuration.
- All Voice/Data jacks are category 5 rated.

The price for the following amount will be: \$ 3,500.00

Three Thousand Five Hundred and NO/100's.

Payable on the following terms:

Net 30

EXHIBIT 3 PAGE 1

This proposal is void if not accepted in writing within 80 days after this date.

No work shall commence until this Proposal is returned to the Contractor signed below by the customer.

Accepted by Harvey Rasmussen
Date: 1-7-98

Cherry City Electric
Gregory S. Edmaiston

Accepted by Gregory S. Edmaiston
Date: 01/08/98



NGO 444 444

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PROPOSAL FOR TELECOMMUNICATIONS WORK

From CHERRY CITY ELECTRIC
a division of MORROW MEADOWS CORPORATION
PO BOX 12668 SALEM, OR 97309
(503) 399-7609 / FAX: (503) 362-2468



To: Management Group Oregon

Proposal No. 8772

Attn: Chuck Sides / Ken Sides

Date: 02/06/98

We hereby propose to furnish all labor and material necessary to provide the DataComm installation in the Department of Agriculture Repair located at Salem, Oregon in accordance with the following specification, and subject to the conditions of contract stated on the reverse side of this sheet.

- Replace all voice/data cabling that has been damaged by others.
- All work is to be performed under this time and material agreement.
- Labor shall be billed at \$58.00 an hour for every hour associated with this work. This is to include the previous hours spent on troubleshooting, job site meetings and pricing of this work.
- Material shall be billed at 15% above cost.
- Work will start on agreed upon date upon receipt of a purchase order and an authorized signature on this form. Please see below.

The price for the following amount will be:

Time and material rates as described above.

Payable on the following terms:

Net 30

This proposal is void if not accepted in writing within 30 days after this date.
No work shall commence until this proposal is returned to the Contractor signed below by the customer.

Cherry City Electric
Gregory S. Edmaiston

Accepted by Greg S. Edmaiston
Date: 02/06/98

Accepted by Greg S. Edmaiston
Date: 2-6-98

NO If claimant is other than original, use S-N Form No. 1162, or the equivalent.

CLAIM OF CONSTRUCTION LIEN
ORIGINAL CONTRACTOR

Morrow-Meadow Corp., dba Cherry City Electric
P.O. Box 12668, Salem, OR 97309
Lien Claimant's Name and Address
SSG Investments, LLC
Charles Sides
P.O. Box 2087, Salem, OR 97308-2087
Owner's Name and Address

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON, _____ } ss.
County of _____ }

I certify that the within instrument was received for record on _____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ and/or as fee/file/instrument/microfilm/reception No. _____, Records of said County.

Witness my hand and seal of County affixed.

NAME _____ TITLE _____

By _____, Deputy.

KNOW ALL BY THESE PRESENTS that Morrow-Meadow Corp. dba Cherry City Electric, hereinafter called claimant, did on June 3, 1997, enter into a contract for the performance of labor, transporting or furnishing materials to be used in or renting equipment used in the construction of an improvement known as Argonauts Remodel Project at 1320 Capitol Street, Salem, OR 97308. The improvement is situated upon certain land in the County of Marion, State of Oregon, which is the site of the improvement, described as follows:

Lots 4, 5, 6, and 7, Block 1,
McCoy's Addition to Salem, Marion County, Oregon

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE)

The address of the improvement is (if unknown, so state) 1320 Capitol Street, Salem, OR 97308

The name of the owner or reputed owner of the land is SSG Investments, LLC (Lessor); Management Group of Oregon, Inc. (Lessee)

The name of the owner or reputed owner of the improvement is SSG Investments, LLC (Lessor); Management Group of Oregon, Inc. (Lessee)

The name of the person who employed claimant to furnish the labor, materials, and/or equipment, and to perform the contract is Charles A. Sides, President, Management Group of Oregon, Inc. and Member of LLC

The person(s) just named, at all times herein mentioned, had knowledge of the construction.

Claimant commenced performance of the contract on June 29, 1997, provided and furnished all labor, materials and equipment required by the contract and actually used in the construction of the improvement, and fully completed the contract on March 22, 1998, after which claimant ceased to provide labor, transport or furnish materials and/or transport, furnish or rent equipment for the improvement.

The following is a true statement of claimant's demand after deducting all just credits and offsets, to-wit:

Contract price. \$ 211,829.50

This price includes materials and supplies in the amount of \$ 73,976.30

and the reasonable rental value of equipment which is \$

If no contract price, the reasonable value of claimant's labor, materials and equipment is:

Labor \$ 377.00

Materials \$ 84.57

Equipment \$

Other (specify) \$

Recording fees \$ 15.00

Total \$

Less all just credits and offsets (\$ 65,172.99)

Balance due claimant \$ 147,133.08



Claimant claims a lien for the amount last stated upon the improvement and upon the site, to-wit: the land upon which the improvement is constructed, together with the land that may be required for the convenient use and occupation of the improvement constructed on the site, to be determined by the court at the time of the foreclosure of this lien.*

In construing this instrument, the singular pronoun includes the plural, as the circumstances require.

Dated May 22, 1998

Morrow-Meadow Corp., dba Cherry City Electric

Ray Ellis
Vice President

Claimant

STATE OF OREGON, County of Marion)ss.

I, *Ray Ellis*, being first duly sworn, depose and say: I am the Vice President of claimant named in the foregoing instrument. I have knowledge of the facts set forth therein. All statements made in this instrument are true and correct as I verily believe.



Signed and sworn to before me on May 22, 1998

S. M.
Notary Public for Oregon
My commission expires 5-29-01

ORS 87.005. "Original Contractor" means a contractor who has a contractual relationship with the owner."

The foregoing lien is created by subsection 1 of ORS 87.010. ORS 87.035 provides: "Every person claiming a lien created under ORS 87.010 (1) or (2) shall perfect the lien not later than 75 days after the person has ceased to provide labor, rent equipment or furnish materials or 75 days after completion of construction, whichever is earlier. Every other person claiming a lien under ORS 87.010 shall perfect the lien not later than 75 days after the completion of construction.***" ORS 87.035 also provides that the lien claim "shall be perfected by filing a claim of lien with the recording officer of the county or counties in which the improvement, or some part thereof, is situated."

NOTICE TO THE OWNER of the land described in the foregoing copy of claim of lien:

Please be advised that the original claim of lien, of which the foregoing is a true copy, was filed and recorded in the office of the recording officer of Marion County, Oregon, on May 22, 1998.

Morrow-Meadow Corp., dba Cherry City Electric

Claimant

By *Ray Ellis*
Vice President

*See ORS 87.021 to determine whether a Notice of Lien need be furnished in accordance with the terms of that statute.

ORS 87.039 provides:

"A person filing a claim of lien pursuant to ORS 87.035 shall mail to the owner and to the mortgagee a notice in writing that the claim has been filed. A copy of the claim of lien shall be attached to the notice. The notice shall be mailed not later than 20 days after the date of filing.***"

(DESCRIPTION CONTINUED)

E X H I B I T 1

GUARANTEE NO. 244346F-

EFFECTIVE DATE: JUNE 19, 1998

LIABILITY: \$146,671.00

FEE: \$575.00

A. THE ASSURED IS:

Morrow-Meadow Corp., dba Cherry City Electric

B. THE ENCUMBRANCE TO BE ENFORCED IS:

Construction Lien filed by Morrow-Meadow Corp., dba Cherry City Electric, against SSG Investments, LLC, recorded MAY 27, 1998, in Reel 1491, page 182, Records for Marion County, Oregon, in the amount of \$147,133.08.

C. THE ESTATE OR INTEREST IN THE LAND WHICH IS COVERED BY THIS GUARANTEE IS:

A Fee

D. TITLE TO THE ESTATE OR INTEREST IN THE LAND IS VESTED, AS OF THE EFFECTIVE DATE, IN:

SSG Investments, LLC, an Oregon Limited Liability Company

E. THE LAND REFERRED TO IN THIS GUARANTEE IS DESCRIBED AS FOLLOWS:

Lots 4, 5, 6 and 7, Block 1, MCCOY'S ADDITION to Salem, Marion County, Oregon.

F. AS OF THE EFFECTIVE DATE, THE LAND COVERED BY THIS GUARANTEE IS SUBJECT TO THE FOLLOWING EXCEPTIONS:

NOTE: 1997-98 taxes, \$333.63; paid in full. Account No. 83320-030 (Tax Lot 08000).

NOTE: 1997-98 taxes, \$333.63; paid in full. Account No. 83320-040 (Tax Lot 07900).

NOTE: 1997-98 taxes, \$6,783.08; paid in full. Account No. 83320-050 (Tax Lot 09600).

1. 1998-99 taxes which are a lien but not yet payable. Account No. 83320-030 (Tax Lot 08000), 83320-040 (Tax Lot 07900) and 83320-050 (Tax Lot 09600).
2. Herein described premises are within and subject to the powers of the Urban Renewal Area of the North Salem Neighborhood Development Project, including the terms and provisions thereof, recorded March 3, 1972 in Volume 721, Page 771, Deed Records for Marion County, Oregon, and amended by instrument recorded December 11, 1972 in Volume 740, Page 772 and Volume 766, Page 353, Deed Records for Marion County, Oregon.
3. Deed of Trust, including the terms and provisions thereof, executed by SSG Investment, LLC to Key Title and Escrow Company, Trustee for the benefit of

CONTINUED

Argonauts Music and Motion, Inc., dated MARCH 5, 1997, recorded MARCH 10, 1997, in Reel 1377, page 581, Records for Marion County, Oregon, given to secure the sum of \$167,660.67.

4. Deed of Trust and Security Agreement, Assignment of Leases and Rents and Fixture Filing, including the terms and provisions thereof, executed by SSG Investments, L.L.C., an Oregon Limited Liability Company, to Key Title, as trustee for the benefit of MetLife Capital Financial Corporation, a Delaware Corporation, dated DECEMBER 31, 1997, and recorded DECEMBER 31, 1997, in Reel 1452, page 14, Records for Marion County, Oregon, given to secure the sum of \$1,500,000.00.

Assignment of Rents and Leases, as assigned to MetLife Capital Financial Corporation, a Delaware Corporation, by assignment recorded DECEMBER 31, 1997, in Reel 1452, page 15, Records for Marion County, Oregon.

5. Unrecorded Lease, including the terms and provisions thereof, dated October 13, 1997, by and between the State of Oregon, acting by and through its Department of Public Safety and Training, Lessee and SSG Investments, LLC, an Oregon Limited Liability Company, as disclosed by Subordination, Nondisturbance, Attornment and Lessee-Lessor Estoppel Agreement, recorded December 31, 1997 in Reel 1452, Page 16, Records for Marion County, Oregon.

Said Unrecorded Lease was subordinated and rendered inferior and subsequent to the Trust Deed at number 3 above, by agreement recorded DECEMBER 31, 1997, in Reel 1452, page 16, Records for Marion County, Oregon.

6. Subordination, Nondisturbance, Attornment and Lessee-Lessor Estoppel Agreement, including the terms and provisions thereof, recorded December 31, 1997 in Reel 1452, Page 16, Records for Marion County, Oregon.
7. Unrecorded Lease, including the terms and provisions thereof, dated November 25, 1997, by and between Management Group Oregon, Inc., an Oregon Corporation, Lessee, SSG Investments, L.L.C., an Oregon Limited Liability Company, Lessor, as disclosed by Agreement recorded December 31, 1997 in Reel 1452, Page 17, Records for Marion County, Oregon.

Said Unrecorded Lease was subordinated and rendered inferior and subsequent to the Trust Deed at number 3 above, by agreement recorded DECEMBER 31, 1997, in Reel 1452, page 17, Records for Marion County, Oregon.

8. Subordination, Nondisturbance, Attornment and Lessee-Lessor Estoppel Agreement, including the terms and provisions thereof, recorded December 31, 1997 in Reel 1452, Page 17, Records for Marion County, Oregon.
9. Unrecorded Lease, including the terms and provisions thereof, State of Oregon, acting by and through its Public Defender, Lessee, SSG Investments, L.L.C., an Oregon Limited Liability Company, Lessor, dated April 23, 1997, as disclosed by Subordination Agreement recorded December 31, 1998 in Reel 1452, Page 18, Records for Marion County, Oregon.
10. Said Unrecorded Lease was subordinated and rendered inferior and subsequent to the Trust Deed at number 3 above, by agreement recorded DECEMBER 31, 1997, in Reel 1452, page 18, Records for Marion County, Oregon.

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11. Subordination, Nondisturbance, Attornment and Lessee-Lessor Estoppel Agreement, including the terms and provisions thereof, recorded December 31, 1997 in Reel 1452, Page 18, Records for Marion County, Oregon.
12. Construction Lien filed by C.J. Hansen Co., Inc., against SSG Investment LLC, recorded APRIL 17, 1998, in Reel 1480, page 150, Records for Marion County, Oregon, in the amount of \$8,836.72.
13. Construction Lien filed by Morrow-Meadow Corp., dba Cherry City Electric, against SSG Investments, LLC, recorded MAY 27, 1998, in Reel 1491, page 182, Records for Marion County, Oregon, in the amount of \$147,133.08.

CONTINUED

E X H I B I T 2

Relative to the encumbrance to be enforced, if any, shown on Exhibit 1:

1. Attention is directed to the Soldiers' and Sailors' Civil Relief Act of 1940 which restricts proceedings against persons in the military service of the United States.
2. Attention is called to the Federal Tax Lien Act of 1966 (Public Law 89-719) which, among other things, provides that written notice of a non-judicial sale be given to the Secretary of the Treasury or his or her delegate as a requirement for the discharge of a federal tax lien or the divestment of any title of the United States, and establishes a right in the United States to redeem the property within a period of 120 days from the date of such sale.
3. Except as shown on Exhibit 1, no notice of pendency of an action for the foreclosure of the encumbrance to be enforced has been recorded in the County in which the premises are situated.
4. This Guarantee provides no assurances with respect to any facts, rights, title, interests or claims which are not shown by the public records, and this Exhibit 2 is not intended to show the names of persons whose rights, title, interests or claims are not shown by the public records, including, without limitation, those who may be known to the Assured or who could be ascertained by an inspection of the land or by making inquiry of persons in possession of the land.
5. If applicable, the names and addresses, as shown therein, of persons who have recorded requests for a copy of a notice of sale or notice of default, under ORS 86.785 of the Oregon trust deed statutes, are:

NONE

6. If applicable, the name of the Grantor in the encumbrance whose lien is to be enforced is:

NONE

7. If applicable, the name of the successor in interest to the Grantor is:

NONE

8. If applicable, the names of additional necessary persons not shown above to be made defendants in a suit to enforce the subject encumbrance; or, if applicable, the names of additional persons who are entitled, under the Oregon trust deed statutes, ORS 86.705 et seq., to receive notice of sale; or, if applicable, the names of additional persons who are entitled, under the land sales contract forfeiture statutes, ORS 93.905 et seq., to receive notice of default, are:

ARGONAUTS MUSIC AND MOTION INC. ✓

METLIFE CAPITAL FINANCIAL CORPORATION ✓

DEPARTMENT OF PUBLIC SAFETY AND TRAINING 7

MANAGEMENT GROUP OREGON, AN OREGON CORP.

CONTINUED

STATE OF OREGON, ACTING BY AND THROUGH ITS PUBLIC DEFENDER
C.J. HANSEN CO., INC.
